

Form No. 123 – Frequently Asked Questions (FAQ)

Statement showing particulars of perquisites, other fringe benefits or amenities and profits in lieu of salary with value thereof u/s 392(5)(a) of the Income-tax Act, 2025

Name of form as per I.T. Rules, 1962	12BA	Name of form as per I.T. Rules, 2026	123
Corresponding section of I.T. Act, 1961	192	Corresponding section of I.T. Act, 2025	392(5)(a)
Corresponding Rule of I.T. Rules, 1962	26A	Corresponding Rule of I.T. Rules, 2026	204(2)

1. What is Form No. 123?

Ans: Form No. 123 is a statement issued by the Employer providing details of perquisites or profits in lieu of salary, to an Employee. The form provides a detailed break-up of monetary and non-monetary perquisites. It serves as a reference and certifies perquisite valuation, for the purpose of filing ITR by the deductee. Form No. 123 is required to be issued only in the case of an employee whose salary exceeds ₹1,50,000 per annum.

2. What are the different parts of the Form No. 123?

Ans: Form No. 123 has two parts, viz. Part A and Part B.

Part A contains details of the employer and details of the employee to whom various perquisites have been allowed.

Part B contains a detailed list of various perquisites and their valuation for the purpose of computation of income of the employee. It includes both monetary and non-monetary perquisites. It also includes details of the TDS on salary including perquisites along with particulars of the payment of such TDS in Central Government Account.

3. What are the different kinds of perquisites to be included in Form No. 123?

Ans: The following perquisites are to be included along with its valuation (Net valuation, i.e. Total Valuation minus amount recovered from employee):

- a) Accommodation
- b) Cars/Other automotive
- c) Sweeper, gardener, watchman or personal attendant
- d) Gas, electricity, water
- e) Interest free or concessional loans
- f) Holiday expenses
- g) Free or concessional travel

- h) Free meals
- i) Free education
- j) Gifts, vouchers, etc.
- k) Credit card expenses
- l) Club expenses
- m) Use of movable assets by employees
- n) Transfer of assets to employees
- o) Value of any other Benefit / amenity / service / privilege
- p) Stock options allotted or transferred by employer being an eligible start-up referred to in section 140 of the Act
- q) Stock options (non-qualified options) other than ESOP in point (p) above.
- r) Contribution by employer to fund and scheme taxable under Section 17(1)(h) of the Act
- s) Annual accretion by way of interest, dividend etc. to the balance at the credit of fund and scheme referred to in Section 17(1)(i) of the Act
- t) Other benefits or amenities

4. Is it mandatory for the deductor to issue Form No. 123?

Ans: Yes, wherever applicable, issuance of Form No. 123 is mandatory under the relevant Income-tax Rules. It is usually not required if the value of perquisites etc. is Nil.

5. Is it necessary to issue such statement even if Certificate of tax deduction at source in Form 130 has been issued?

Ans: Yes, Form No. 123 is required to be issued in addition to Form 130.

6. What is the time limit for issuing Form No. 123?

Ans: Form No. 123 is to be issued to the employee by 30th of April of the following year.

7. Is the Form No. 123 required to be issued digitally?

Ans: Such form can be issued both manually as well as digitally depending upon the facility provided by the employer to its employee. It is required to be signed by the same person who is required to sign Form 130.

8. If there is a mistake in Form No. 123, can corrections be made?

Ans: Yes. If any error is identified, the deductor may issue a revised (new) Form No. 123.

9. Is Form No. 123 required to be attached with the return of income?

Ans: No. It is not required to be attached or uploaded with the tax return but must be preserved for purpose of record.

10. Is Form No. 123 applicable under the new tax regime?

Ans: Yes. Perquisites remain taxable under the new tax regime therefore, Form No. 123 continues to be applicable.